

BEFORE THE
ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF:

VIRTUAL OFFICE SERVICES, INC.,

d/b/a ASPEN DATACOM

Application for a certificate of

local and interexchange authority to

operate as a reseller and facilities

based carrier of telecommunications

services in the Ameritech service

areas within State of Illinois.

Chicago, Illinois

May 11, 2004

Met pursuant to notice at 11:00 p.m.

BEFORE :

MR. JOHN RILEY, Administrative Law Judge.

APPEARANCES:

MR. PATRICK CROCKER,

900 Comerica Building,

Kalamazoo, Michigan 49007,

appeared for Applicant, telephonically;

MS. KAREN CHANG,

527 East Capitol Avenue,

Springfield, Illinois

appeared for Staff, telephonically.

SULLIVAN REPORTING COMPANY, by

Teresann B. Giorgi, CSR

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I N D E X

<u>Witnesses:</u>	<u>Dir.</u>	<u>Crx.</u>	<u>Re-</u> <u>dir.</u>	<u>Re-</u> <u>crx.</u>	<u>By</u> <u>Examiner</u>
Steve Friedlander	7	14			19

E X H I B I T S

<u>Number</u>	<u>For Identification</u>	<u>In Evidence</u>
Late-filed 1	25	26
2	25	26

1 EXAMINER RILEY: Pursuant to the direction of
2 the Illinois Commerce Commission, I now call
3 Docket 04-0171. This is an Application by Virtual
4 Office Services, Inc., doing business as Aspen
5 Datacom. Application for a certificate of local and
6 interexchange authority to operate as a reseller and
7 facilities-based carrier of telecommunications
8 services in the Ameritech service areas within the
9 State of Illinois.

10 Mr. Crocker, would you enter an
11 appearance on behalf of the Applicant.

12 MR. CROCKER: Yes. Patrick Crocker,
13 C-r-o-c-k-e-r, 900 Comerica Building, that's
14 C-o-m-e-r-i-c-a, Building, Kalamazoo,
15 K-a-l-a-m-a-z-o-o, Michigan 49007 with Witness
16 Steven Friedlander, which is the president of the
17 Applicant, prepared to provide testimony today, your
18 Honor.

19 JUDGE RILEY: Thank you.

20 And Ms. Chang, would you enter an
21 appearance for Staff.

22 MS. CHANG: Yes. My name is Karen Chang and I'm

1 Staff for Illinois Commerce Commission. I am
2 economic analyst for the Telecommunications
3 Division. And I'm located at 527 East Capitol
4 Avenue, Springfield, Illinois.

5 JUDGE RILEY: Thank you.

6 MR. CROCKER: Your Honor, I do have a
7 preliminary matter which involves a few items that
8 have been either checked incorrectly or responded to
9 improperly within the original application.

10 JUDGE RILEY: All right. So, we're going to
11 have to have motions to change a couple of things.

12 Go to the first one. What is it?

13 MR. CROCKER: That's correct, your Honor.

14 Within the waiver section.

15 JUDGE RILEY: Okay.

16 MR. CROCKER: It looks as if we're asking for
17 facilities-based and resold local service. I don't
18 think Part 735 is generally waived for such request.

19 JUDGE RILEY: All right. Let's go back to
20 No. 2. And the two boxes that I have checked on the
21 Application are for 13-404 and 13-405.

22 MR. CROCKER: That's correct.

1 JUDGE RILEY: Okay. Is that resold local and
2 facilities-based local only?

3 MR. CROCKER: That's right. And resold
4 interexchange.

5 JUDGE RILEY: Resold interexchange, also.

6 MR. CROCKER: Yeah.

7 JUDGE RILEY: Okay. Well, for local and
8 interexchange -- for local service, you check 710
9 and 735.180. But, for interexchange service it's
10 710 and 735. So, I think that the waivers are
11 correct.

12 MR. CROCKER: Okay. To the extent that we can
13 ask for a waiver of 735 as it applies to the IXC, I
14 guess you're correct, your Honor.

15 JUDGE RILEY: Right.

16 MR. CROCKER: Okay.

17 JUDGE RILEY: So, we can leave that one as it
18 is.

19 MR. CROCKER: That's fine.

20 The only other change I have would be
21 in response to Appendix A, we've identified "yes" as
22 the answer to No. 9, and the actual answer should be

1 "no."

2 JUDGE RILEY: It does not plan to become an
3 eligible telecommunications carrier.

4 MR. CROCKER: That's right.

5 JUDGE RILEY: All right. Then, let the record
6 reflect that your motion to amend the answer to
7 Question No. 9 on Appendix A should be changed from
8 "yes" to "no." That motion is granted.

9 MR. CROCKER: Thank you, your Honor.

10 JUDGE RILEY: Is there anything further?

11 MR. CROCKER: No, your Honor.

12 JUDGE RILEY: All right. Then, did you want to
13 call your witness?

14 MR. CROCKER: Absolutely, your Honor. I would
15 like to call the witness and, also, ask him a few
16 questions, if I may.

17 JUDGE RILEY: Certainly.

18 (Witness sworn.)

19 JUDGE RILEY: Please proceed.

20 MR. CROCKER: Thank you, your Honor.

21

22

1 STEVE FRIEDLANDER,
2 called as a witness herein, and after having been
3 first duly sworn, was examined and testified as
4 follows:

5 DIRECT EXAMINATION

6 BY

7 MR. CROCKER:

8 Q Mr. Friedlander, could you please state
9 your name and business address for the record.

10 A My name is Steve Friedlander, that's
11 F-r-i-e-d-l-a-n-d-e-r, business address is 4646
12 North Ravenswood Avenue, Chicago, Illinois 60640.

13 Q Great. And what is your occupation?

14 A I'm president of Aspen Datacom.

15 Q And, is the purpose of your testimony today
16 to describe the nature of the company business and
17 to demonstrate your company's financial, managerial
18 and technical ability to provide the services
19 contemplated by the Application?

20 A Yes, it is.

21 Q And could you briefly describe the nature
22 of telecom services that your company intends to

1 offer customers in Illinois?

2 A Yes. We intend to do local and long
3 distance services and then the calling card for
4 those businesses.

5 Q Great. And in what state is the company
6 organized?

7 A The state of Illinois.

8 Q And is the company authorized to transact
9 business in Illinois under the assumed name Aspen
10 Datacom?

11 A Yes, it is.

12 Q And could you briefly describe your
13 background in business and telecommunications?

14 A I've got -- I served in the Air Force
15 during the Viet Nam and nuclear missile program with
16 top secret clearance. And owned a business for 20
17 years in the executive search area. And, then, I've
18 been in the telecommunications business since 1993.
19 I helped start up an interactive voice response
20 company, which I took them to the number one company
21 in their industry. And the last eight years I've
22 been mainly with the SBC type services. And I've

1 been in their Hall of Fame awards and Presidential
2 Achievement Award five times. And extensive
3 background working with the ISP market, Internet
4 Service Providers.

5 Q Okay. And, I recognize this is a start-up,
6 could you identify some of the current management
7 team that you've assembled and their
8 responsibilities?

9 A Other than myself, there's Don Whiten
10 (phonetic). He is the secretary of the corporation.
11 He, also, owns another company called Global
12 Teldata, which is a CLEC in the State of Illinois.
13 So, they have 18 years in the telecom business.

14 And, then, Mark Lieberman, who is our
15 vice president, similar background with Global
16 Teldata as the current CLEC.

17 Mark Levy is our network engineer with
18 25 years of computer background, including being an
19 ISP himself. So, he has extensive technical
20 background.

21 And then, we have a backup engineer, a
22 Mat DeChant, who has seven years in the computer

1 networking industry.

2 JUDGE RILEY: How do you spell Mr. DeChant's
3 name?

4 THE WITNESS: D-e-C-h-a-n-t.

5 JUDGE RILEY: Okay.

6 MR. CROCKER: Q Will the company offer operator
7 services within Illinois?

8 A No.

9 Q And what rates will the company charge for
10 services provided to customers in Illinois?

11 A The rates will be set forth in accordance
12 with the Illinois terms, based on our approved
13 tariffs.

14 Q Great. Has the company's financial
15 circumstances adversely changed since we filed this
16 Application?

17 A No, other than we have more cash.

18 Q So, it's a positive thing.

19 A Yeah, a positive thing, not adverse.

20 Q Has this company provided telecom services
21 in Illinois?

22 A No.

1 Q Has this company billed in Illinois under
2 any other name?

3 A No, we haven't.

4 Q And how will the company bill for services?

5 A We have a billing company that we hired to
6 do this work.

7 Q And will the company's name appear on the
8 bill?

9 A Yes. We're going to have -- Aspen Datacom
10 will be on all the invoices.

11 Q So, Aspen Datacom will appear on the
12 invoices.

13 A Correct.

14 Q So, the certificate that you would like the
15 Commerce Commission to issue today, or at the next
16 hearing, would recognize that Aspen Datacom as the
17 name under the certificate, is that correct?

18 A That's correct. Yes.

19 Q Will a toll free number to contact the
20 company appear on the bill?

21 A Yes, it will.

22 Q And who will provide the customer repair

1 service for the company?

2 A Between the company employees and we have
3 outside contractors that we'll use for any repair
4 service that have extensively worked in the telecom
5 industry.

6 Q Will the company's billing system be able
7 to distinguish between resale and facilities-based
8 service for the collection of the ITAC line charge?

9 A Yes, it will.

10 Q Has the company signed and returned the
11 Universal Telephone Assistance Corporation and the
12 Illinois Telecommunications Access Corporation forms
13 to the Commission's Staff?

14 A Yes, we have.

15 Q And could you briefly describe the
16 company's internal process for complete resolution?

17 A It will be going to our customer service
18 number in which we'll respond to the customer.
19 We'll have a toll free number set up from, like,
20 8:00 a.m. to 10:00 p.m. Central Standard Time, to
21 address any service, billing or repair complaints.
22 And if we're not able to resolve any of those

1 complaints to their satisfaction, we'll refer them
2 to the Illinois Commerce Commission.

3 Q Okay. How do you intend to solicit
4 customers once you have the ability to offer the
5 service?

6 A I already have kind of an extensive
7 database of customers, including a large group of
8 Internet service providers that I work with. We
9 have an agent channel that we're setting up and
10 there will be some advertising and word of mouth.

11 Q Will the company abide by federal and state
12 slamming and cramming laws?

13 A Yes, we will.

14 Q Have any formal complaints or judgments
15 been levied against the company?

16 A No.

17 Q And who will be responsible for building
18 and maintaining the 911 database for your local
19 exchange customers?

20 A Aspen Datacom will be responsible for all
21 that.

22 Q And how often will your company update the

1 911 database with customer information?

2 A It will be done on a daily basis.

3 Q And will your company's billing system have
4 the ability to distinguish between facilities-based
5 and resale for the collection of the 911 surcharge?

6 A Yes, it does.

7 MR. CROCKER: Your Honor, I have no further
8 questions and I'd like to have Mr. Friedlander
9 available for cross-examination for Staff.

10 JUDGE RILEY: Certainly.

11 Ms. Chang, are you prepared to go
12 forward?

13 MS. CHANG: Yes, sir. I have a few questions
14 for Mr. Friedlander.

15 JUDGE RILEY: Please proceed.

16 CROSS EXAMINATION

17 BY

18 MS. CHANG:

19 Q Mr. Friedlander, this is Karen Chang. I
20 have a couple of questions to clarify, if you don't
21 mind.

22 A Oh, no, not at all.

1 Q Okay. Are you familiar with Exhibit C, the
2 background experience of key personnel that is in
3 this docket?

4 A Is that Exhibit C you said or 3?

5 Q Exhibit C.

6 A Okay.

7 Q Basically, I want to understand a couple of
8 the acronyms, for example, Don Whiten on this piece
9 of paper at the last paragraph, it says, Mr. Whiten
10 has helped to fund early stage of GTI. What does
11 the GTI stand for?

12 A GTI is Global Teldata.

13 Q And then, the following person is Mark
14 Lieberman. Mark Lieberman, vice president and past
15 president of Lieberman Corporation, 20 million
16 supply of the largest scale ERP software. What does
17 this ERP stand for?

18 A Actually, it's electronic reporting
19 software.

20 Q Electronic reporting software.

21 A I'm not sure that I can give you a detailed
22 description. They build software for companies that

1 do electronic transmissions of funds and documents.

2 And they design and built this company, Mark

3 Lieberman.

4 Q Okay. Electronic reporting type of --

5 A They were a software company. They,

6 actually, designed and wrote the software.

7 Q Mr. Whiten, also, is secretary for

8 Virtual -- for applicant.

9 A Correct.

10 Q And does he own any part of this -- I think

11 it's mostly used for Datacom -- let's see --

12 A Aspen Datacom.

13 Q Okay. Aspen Communications is the same as

14 Aspen Datacom?

15 A No. I don't know who Aspen Communications

16 is.

17 Q Okay. According to this testimony filed on

18 the 3rd of May, it's a balance sheet as of

19 January 6th, 2003. This particular balance sheet,

20 the heading was Virtual Office Service, Inc., doing

21 business as Aspen Communications.

22 A Right. Originally we were going to file

1 under that name, but that name was taken. So, we
2 had switched to Aspen Datacom and they probably just
3 didn't update the data sheet. That should say Aspen
4 Datacom.

5 Q Okay. That is Aspen Datacom.

6 A Yes, it is.

7 Q I just want to clarify this is
8 representative of the applicant.

9 A Yes.

10 Q Mr. Whiten is the owner of the Global
11 Teldata?

12 A Mr. Whiten and Mr. Lieberman both.

13 Q Okay. They are both.

14 A They both own the Global Teldata.

15 Q And they, also, are the officers of Aspen
16 Datacom.

17 A Correct. Global Teldata owns 60 percent of
18 Aspen Datacom.

19 Q Okay. So, is Global Datacom providing
20 services in Illinois?

21 A Yes. They are a CLEC in Illinois.

22 Q Okay.

1 A But, it is a totally separate corporation.

2 Q They are separate corporation.

3 A Right.

4 Q But, they own 60 percent of Aspen Datacom.

5 A Correct.

6 Q Okay.

7 A And, then, I own the rest.

8 Q Okay. Could you tell me on this balance
9 sheet, liability part, of the notes to Global
10 Teldata, is this note long-term or short-term?

11 A Actually -- well, it was short-term. It's
12 already been paid.

13 Q Okay. But, basically -- well, I'm trying
14 to paint a picture here. I don't have very much
15 information when it comes to the financial
16 condition. So, I was trying to paint a picture of
17 what the financial strength is.

18 A This was from January 6th. And they,
19 probably, should have gotten you a more updated one.
20 Our current checking/savings is \$95,000 cash. We
21 finished our funding a month or so ago.

22 Q And the funding comes from the other 60

1 percent ownership and yourself.

2 A Correct. All the funding came from --
3 right, from Global Tel, from Mr. Lieberman and Mr.
4 Whiten, and then the rest from myself.

5 MS. CHANG: Well, I have no more questions, your
6 Honor.

7 JUDGE RILEY: Okay. Thank you, Ms. Chang. Stay
8 with me because I'm going to get back to you very
9 shortly.

10 MS. CHANG: All right.

11 EXAMINATION

12 BY

13 JUDGE RILEY:

14 Q Mr. Friedlander, I just have a couple of
15 questions of my own. And I want to go back to the
16 financial information that was submitted to our
17 e-docket system.

18 A Sure.

19 Q The balance sheet that Ms. Chang referred
20 to is dated January 6, 2003, is that "2003" correct?

21 A No, it's 2004.

22 Q It should be 2004.

1 A Yes.

2 Q And that's the same balance sheet where we
3 just corrected it to reflect doing business as Aspen
4 Datacom, is that correct?

5 A Correct.

6 Q All right, then, those changes are
7 reflected.

8 I, also, note that I was able to
9 obtain off the e-docket system what I can only
10 describe as a spread sheet. It has 12 numbered
11 columns and a total column.

12 A That's a pro forma that we were asked to
13 produce.

14 Q Okay. And this was filed on the e-docket
15 system, is that correct?

16 A As far as I know, it was.

17 Q And is this pro forma part of the total
18 submission of the financial information of the
19 applicant?

20 A Yes.

21 Q Was there anything else submitted other
22 than that?

1 A I think this and the balance sheet which,
2 right now, there's, actually, a more current --
3 we're more current because we, actually, finished
4 all our fundings, and we have a lot more cash at
5 this point.

6 Q Do you have an updated balance sheet
7 available?

8 A Yes. I can get one for you.

9 Q How much more cash is reflected?

10 A We have right now current checking and
11 savings of \$95,000.

12 Q And that's significantly higher than the
13 \$15,000 listed on this one.

14 A Right.

15 Q Okay. And does that current balance sheet,
16 also, reflect Aspen Datacom? It does not have to be
17 changed?

18 A On the current balance sheet?

19 Q Yeah.

20 A I just got an exported spread sheet copy.
21 I would have to have them formally put one into -- I
22 mean, I just got it as a spread sheet.

1 Q All right. Let's do this, is the change in
2 the amount of cash the only change that would be
3 made to the spread sheet -- or to the balance sheet?
4 A Pretty much so.
5 Q All right. Then, why don't we do this,
6 we'll just amend the current balance sheet that's
7 been provided on our e-docket system to reflect
8 Aspen Datacom, the date January 26th, 2004, and cash
9 is at \$95,000.
10 A The total assets and total equity is down
11 90,868.97.
12 Q Total assets again, read the figure.
13 A Total assets, \$90,868.97.
14 Q And that is up from 65,530?
15 A Correct.
16 Q So, there are other changes between the
17 cash and the total assets.
18 A Yes. Let's see, yeah, because the note
19 is -- the note was taken care of.
20 Q Okay. So, there's no note to Global
21 Teldata?
22 A No.

1 Q And with regard to the fixed assets -- in
2 other words, it's my understanding that the cash
3 added to the fixed assets should total up to the
4 total assets, is that correct?

5 A Yeah -- right. Yes, I'm sorry. Yes, your
6 Honor.

7 Q And with that increase in cash, it doesn't
8 total up.

9 Let me ask you this, does the
10 applicant have a prepared balance sheet ready to go
11 right now with the updated figures?

12 A Yes. Our accountant has it at the office
13 and I just have to have him send it.

14 Q All right.

15 A What he did, he sent me a breakdown on a
16 spread sheet. It's not formal, but it breaks
17 everything down. I mean, it wouldn't take more than
18 a few minutes to just have him send one over to you.

19 Q Okay. Yeah, why don't we do that instead
20 of just trying to amend this thing with all these
21 different figures.

22 A Okay.

1 Q And, then, whatever you can send me, that
2 will supercede what was submitted to our e-docket
3 system.

4 A Okay.

5 Q How long do you think that will take for
6 him to get it over to me?

7 A I just have to call him and ask him to --
8 I'm going to guess within the hour. If he hasn't
9 gone to lunch, yet, probably, within the hour.

10 Q All right. Why don't we do it this way.
11 Why don't I mark it -- the information that you're
12 going to submit to me, why don't I mark that as a
13 late-filed Applicant's Exhibit 1. And, then, you
14 can get that over to me today or tomorrow, at the
15 earliest possible time.

16 A Okay.

17 Q And, as long as that has all the financial
18 figures on there, then, I can submit that as
19 evidence.

20 A Okay. Yes, your Honor.

21 Q And with regard to the management profiles
22 that were submitted to the e-docket system, are

1 those essentially correct as we speak today?

2 A Yes.

3 Q Have there been any changes to those?

4 A No. Nothing that I can see.

5 JUDGE RILEY: Let me make a note here.

6 Let the record reflect that the
7 balance sheet, that will be submitted after the
8 close of this record, is marked as Applicant's
9 late-filed Exhibit No. 1. And the management
10 profiles that have been submitted to our e-docket
11 system without change, are marked as Applicant's
12 Exhibit 2.

13 (Whereupon, Applicant's late-
14 filed Exhibit No. 1 and
15 Exhibit No. 2 were marked
16 for identification.)

17 Mr. Crocker, is it my understanding
18 that you're moving for the admission of these two
19 exhibits into evidence?

20 MR. CROCKER: That's correct, your Honor.

21 JUDGE RILEY: And, Ms. Chang, does Staff have
22 any objection to that?

1 MS. CHANG: No, sir, no objection.

2 JUDGE RILEY: Then, Applicant's late-filed

3 Exhibit 1 and Exhibit 2 are admitted into evidence.

4 (Whereupon, Applicant's late-

5 filed Exhibit 1 and Exhibit 2

6 were admitted into evidence.)

7 JUDGE RILEY: Ms. Chang, does Staff have a

8 recommendation with regard to this Application?

9 MS. CHANG: Yes. Staff recommends is positive,

10 that they do have the management and financial

11 strength to operate in Illinois.

12 JUDGE RILEY: Thank you.

13 Mr. Crocker, did you have anything

14 further for the witness?

15 MR. CROCKER: No, your Honor.

16 (Witness excused.)

17 JUDGE RILEY: Then, I will direct the Court

18 Reporter to mark this matter heard and taken. And,

19 I'll await the submission of that balance sheet.

20 MR. CROCKER: Thank you, your Honor.

21 HEARD AND TAKEN

22